

Message Text

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C O N F I D E N T I A L PEKING 2045

EXDIS

E.O. 11652: GDS
TAGS: ESTR ETRD CH US
SUBJ: REMARKS OF WANG JUN-SHENG

SUMMARY: FOREIGN TRADE OFFICIAL WANG JUN-SHENG SAID THAT U.S.-CHINA TRADE IS DEVELOPING WELL, BUT THAT LACK OF MFN AND U.S. EXPORT CONTROLS HAMPER FURTHER DEVELOPMENT. HE SAID PRC MAY WISH TO DISCUSS EXPORT CONTROLS DURING THE PRESS VISIT. WANG CONFIRMED PRC'S WILLINGNESS TO ACCEPT BANK LOANS AND ENGAGE IN JOINT VENTURES WITH FOREIGN FIRMS, AND STATED THAT OIL EXPLORATION AND EXPLOITATION MIGHT BE A FRUITFUL AREA FOR SINO-AMERICAN COOPERATION. END SUMMARY.

1. AT THE FOURTH OF JULY RECEPTION, VICE MINISTER OF FOREIGN TRADE WANG JUN-SHENG HAD A LONG CONVERSATION WITH A USLO OFFICER ON SINO-U.S. TRADE, WHICH WANG SAID WAS HIS RESPONSIBILITY IN THE MFT. WANG SAID THAT SINO-U.S. TRADE WAS DEVELOPING WELL, BAB PROBABLY WOULD NOT REACH THE \$700 MILLION PREDICTED BY SECRETARY KREPS (THE PRC'S ACCOUNTING SYSTEM IS DIFFERENT FROM THAT OF THE U.S., AND THEIR TOTALS

ARE USUALLY DIFFERENT FROM OURS). THE RESUMPTION OF U.S. CEREAL EXPORTS TO CHINA WAS PERHAPS THE MOST SIGNIFICANT FACTOR. WANG THOUGHT PRC GRAIN IMPORTS IN 1978 WOULD ABOUT EQUAL THOSE OF 1977.

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2. WANG EMPHASIZED THE OBSTACLES TO SINO-U.S. TRADE POSED BY THE LACK

OF MFN TREATMENT FOR CHINESE EXPORTS AND U.S. EXPORT CONTROLS ON CHINESE IMPORTS. WANG SAID THAT UNDER PRESENT INTERNATIONAL CIRCUMSTANCES, HE COULD NOT UNDERSTAND THE U.S. POLICY OF CONTROLLING EXPORTS TO CHINA OF COMPUTERS, FOR EXAMPLE, BUT SUPPOSED IT MUST BE EITHER THROUGH FEAR OF THE USSR OR FEAR THAT CHINA WILL BECOME STRONG.

WANG HOPED THAT THE EXPORT CONTROL PROBLEMS COULD BE WORKED OUT, AND SUGGESTED THAT THE PRC MIGHT WISH TO DISCUSS THE QUESTION DURING THE FRANK PRESS VISIT.

3. IN ANSWER TO A QUESTION, WANG SAID THAT THE PRC WAS NOW WILLING TO ACCEPT LIMITED AMOUNTS OF BANK LOANS (AS OPPOSED TO SUPPLIERS' CREDITS)

IF THE TERMS WERE RIGHT. HE ALSO CONFIRMED THAT THE PRC IS WILLING TO WORK OUT JOINT ARRANGEMENTS WITH FOREIGN FIRMS, SUCH AS IMPORTING GOODS FOR PROCESSING AND REEXPORT AND PAYING FOR A FACTORY THROUGH EXPORT OF ITS PRODUCTS. HE WAS FULLY FAMILIAR WITH THE PENNZOIL TALKS, AND THOUGHT OIL EXPLORATION AND PRODUCTION MIGHT BE A GOOD AREA FOR SINO-U.S. COOPERATION. WOODCOCK

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